

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

L-02 H-02 DODE-00 PA-01 USIA-06 PRS-01 PM-03 NIC-01

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R 042155Z APR 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6628

C O N F I D E N T I A L SECTION 1 OF 2 MANAGUA 1290

EO 11652: GDS

TAGS: ELAB, PGOV, NU

SUBJECT: CONSTRUCTION STRIKE

REF STATE 065625

1. SUMMARY: IN RESPONSE TO DEPT QUESTIONS IN REFTEL: (1) EMBASSY DOES NOT EXPECT URBAN UNEMPLOYMENT IN 1975 TO REACH LEVEL WHICH WILL SIGNIFICANTLY INCREASE POLITICAL TENSION, (2) CAUS LABOR GROUP IS BY-PRODUCT OF RIVALRY BETWEEN TWO COMMUNIST PARTIES, (3) UDEL LEADERS ARE AMBIVALENT ABOUT SCAAS STRIKE, (4) WEAKENING OF SCAAS WOULD BE SETBACK FOR UDEL AND (5) LABMIN CARDOZE'S RELATIONS WITH MANAGEMENT LABOR AND PRESIDENT SOMOZA APPEAR TO BE RELATIVELY CORDIAL. END SUMMARY

2. NICARAGUAN CONSTRUCTION INDUSTRY IS APPARENTLY EXPERIENCING AT PRESENT A TEMPORARY LAG IN ACTIVITY WHICH IS, OF COURSE, AGGRAVATED BY STRIKE. HOWEVER, PUBLIC SECTOR PROJECTS NOW GETTING STARTED OR SHORTLY TO COMMENCE ARE GENERALLY EXPECTED TO TAKE UP CURRENT SLACK. CENTRAL BANK STATISTICS WHICH ARE USUALLY RELIABLE SHOWED A 45 PCT GDP INCREASE (CONSTANT PRICES) FOR CONSTRUCTION SECTOR IN 1974 AND ALTHOUGH THIS UNPRECEDENTED GROWTH WILL NOT BE REPEATED THIS YEAR, CONFIDENTIAL

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THE CENTRAL BANK PROJECTS A STILL SIZABLE 20 PCT INCREASE FOR THIS

SECTOR IN 1975. ANY REDUCTION THIS YEAR IN CONSTRUCTION SECTOR'S LEVEL OF EMPLOYMENT SHOULD PRIMARILY AFFECT UNSKILLED WORKERS WHO SHOULD BE ABSORBED INTO OTHER SECTORS AS THE ECONOMY OVERALL WILL ENJOY AN ESTIMATED 6.6 PCT GDP GROWTH RATE FOR 1975. IN PERIOD OF COMPARATIVE PROSPERITY, WE DO NOT IN 1975 EXPECT URBAN UNEMPLOYMENT TO REACH LEVEL WHERE IT WOULD RESULT IN SIGNIFICANTLY INCREASING POLITICAL TENSION.

3. CAUS LABOR GROUP MENTIONED IN PREVIOUS EMBASSY REPORTING CAME ON SCENE OVER COURSE OF PAST YEAR OR SO. IT IS BY-PRODUCT OF RIVALRY BETWEEN TWO NICARAGUAN COMMUNIST PARTIES. CAUS IS LABOR ARM OF NICARAGUAN COMMUNIST PARTY (PCN) AND IS HEADED BY PCN'S SECRETARY GENERAL ALI ALTAMIRANO. IT BITTERLY OPPOSES LEADERSHIP OF SCAAS AND GENERAL CONFEDERATION OF WORKERS-INDEPENDENT (CGT-I) WHICH ARE LINKED TO NICARAGUA'S LARGER COMMUNIST PARTY THE NICARAGUAN SOCIALIST PARTY (PSN). BOTH PSN AND PCN CLAIM TO EMBRACE MOSCOW BRAND OF COMMUNISM, BUT SPLIT CAME IN 1968 WHEN PCN WAS FORMED BY GROUP WHICH REFUSED TO ENDORSE USSR INVASION OF CZECHOSLOVAKIA. ACTUALLY IDEOLOGICAL DIFFERENCES OF TWO GROUPS APPEAR TO BE MINIMAL, AND CAUS ATTACKS ON "SOFT" POSITIONS OF SCAAS AND CGT-I SEEM TO BE TACTICAL ONEUPSMANSHIP RATHER THAN DERIVED FROM MORE DOCTRINAIRE OR HARDLINE INTERPRETATION OF MARXISM. RIVALRY SEEMS TO BE BASED PRIMARILY ON PERSONAL RATHER THAN IDEOLOGICAL DIFFERENCES. WE ARE NOT AWARE OF ANY TIES BETWEEN PCN AND FSLN.

4. ONLY UNION CAUS EXERCISES INFLUENCE OVER IS AT SIEMENS TELEPHONE EQUIPMENT COMPANY. CAUS CONTINUES ATTEMPTS TO ORGANIZE SOME 2,000 METALLURGICAL INDUSTRY EMPLOYEES, BUT STRIKE IT CALLED IN THAT INDUSTRY IN FEBRUARY (MANAGUA 0632) WAS JOINED BY ONLY ABOUT 250 WORKERS, AND THOSE RETURNED TO WORK WITHOUT RESOLVING DISPUTE WITH MANAGEMENT. PCN ITSELF HAS ONLY A HANDFUL OF MEMBERS, AND WE ESTIMATE CAUS ADHERENTS AT ABOUT 200.

5. OPINION IN UDEL REGARDING SCAAS STRIKE IS DIVIDED REFLECTING DIFFERING INTERESTS OF ITS MEMBERS. A PROMINENT FOLLOWER OF PEDRO JOAQUIN CHAMORRO, WHO RECENTLY BUILT A HOUSE, LAMENTED TO EMBOFF HOW "ABSURDLY" HIGH CONSTRUCTION COSTS WERE, AND VIEWED FURTHER WAGE INCREASES FOR CONSTRUCTION WORKERS AS CONFIDENTIAL

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UNJUSTIFIABLE. MIDDLE AND UPPER CLASS MEMBERS OF UDEL IN CHAMORRO AND SACASA FACTIONS AND SOME WELL-OFF SOCIAL CHRISTIANS PROBABLY SHARE THIS SENTIMENT. FOR HIS PART, UDEL PRESIDENT PEDRO JOAQUIN CHAMORRO, WHO COURTS PRIVATE SECTOR SUPPORT OF WHICH THE CHAMBER OF CONSTRUCTION (CNC) IS AN IMPORTANT COMPONENT, HAS TRIED TO REMAIN NEUTRAL IN THE DISPUTE. HE HAS REFUSED TO PUBLISH IN HIS NEWSPAPER PAID CNC COMMUNIQUE ON THE STRIKE BECAUSE HE CONTENTS SCAAS STATEMENTS ARE CENSORED, BUT AT THE

SAME TIME RAN A RESUME OF A CNC COMMUNIQUE AS A NEWS ITEM.

6. DESPITE UDEL LEADERS DIVIDED FEELINGS ABOUT MERITS OF SCAAS'S CASE FOR CALLING STRIKE, FROM POLITICAL STANDPOINT THEY ARE CONCERNED. LABOR GROUPS IN UDEL, CGT-I AND CTN, ARE PRIMARY SOURCE OF WHAT MASS FOLLOWING THE ORGANIZATION ENJOYS, AND SCAAS IS UNQUESTIONABLY STRONGEST COMPONENT OF UDEL LABOR SUPPORT. IF SCAAS IS SERIOUSLY SEAKENED THEN POTENTIAL STRENGTH OF UDEL IS BY ASSOCIATION DIMINISHED. SO FAR, HOWEVER, UDEL HAS CHOSEN TO VIEW DISPUTE AS ECONOMIC ISSUE, A POSITION FACILITATED BY GON'S CAUTIOUS POLICY OF STAYING OUT OF IT. SIGNIFICANTLY NONE OF LYERS CIRCULATED BY UDEL, WHICH APPEARED AFTER CENSORSHIP WAS IMPOSED, HAVE EXPRESSED SUPPORT FOR SCAAS.

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R 042155Z APR 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6629

C O N F I D E N T I A L SECTION 2 OF 2 MANAGUA 1290

7. SCAAS CLOUT HAS IN PAST BEEN EFFECTIVE IN PRESSURING GON, E.G. STRIKE CALLED WHEN GON PRESSED LIBEL CHARGES AGAINST CHAMORRO IN NOVEMBER 1974, AND POSSIBLE FUTURE SCENARIO FOR UDEL ATTEMPT TO ASSUME POWER WOULD INVOLVE GENERAL STRIKE IN WHICH SCAAS WOULD PLAY CENTRAL ROLE. IF SCAAS SHOULD LOSE ITS HERETOFORE POWERFUL HOLD ON CONSTRUCTION INDUSTRY, LOSS OF THIS LEVERAGE WOULD BE SERIOUS SETBACK FOR UDEL. IT IS PREMATURE, HOWEVER, TO COUNT SCAAS OUT. NO MATTER HOW CURRENT DISPUTE IS RESOLVED REAL TEST FOR UNION WILL BE NEGOTIATIONS TO RENEW COLLECTIVE BARGAINING CONTACT WITH CNC WHICH EXPRIES IN JULY. CONSTRUCTION WORKERS, WHILE APPARENTLY UNWILLING TO FOREGO SALARIES OVER ISSUE OF CURRENT

STRIKE, WHEN FACED WITH PROSPECT OF EXPIRATION OF ADVANTAGEOUS AGREEMENT WITH MANAGEMENT ARE MUCH MORE LIKELY TO RALLY ROUND UNION.

8. ALTHOUGH CARDOZE MAY HAVE MISSPOKEN IN MAKING 15 PCT WAGE INCREASE OFFER (MANAGUA 1016), IT IS NOT OUR IMPRESSION THAT HE HAS SIGNIFICANTLY DAMAGED HIS RELATIONS WITH MANAGEMENT OR SOMOZA. SOME CONSTRUCTION COMPANY EXECUTIVES, HOWEVER, DO THINK THE YOUNG, INEXPERIENCED MINISTER IS OUT OF HIS LEAGUE AT LABOR. CARDOZE'S STANDING WITH PRESIDENT SOMOZA MAY EVEN BE ENHANCED WITH DEVELOPMENT WHICH INDICATE A WEAKENING OF SCAAS, EVEN THOUGH THE MINISTER HAS HAD ONLY LIMITED INFLUENCE ON EVENTS LEADING TO THAT END. IN GENERAL, CARDOZE'S RELATIONS WITH LABOR APPEAR TO BE RELATIVELY CORDIAL.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, COLLECTIVE BARGAINING, LABOR STRIKES, COMMUNIST LABOR ORGANIZATIONS, INTELLIGENCE ASSESSMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MANAGU01290  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Handling Restrictions:** n/a  
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**Line Count:** 189  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 065625  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUN 2003 by izenbei0>; RELEASED <16 JUN 2003 by izenbei0>; APPROVED <17 JUN 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CONSTRUCTION STRIKE  
**TAGS:** ELAB, PGOV, NU, US, SCAAS  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006